

§ 166.601

§ 166.601 How is the amount of the bond determined?

(a) The amount of the bond for each permit is based on the:

- (1) Value of one year's grazing rental payment;
- (2) Value of any improvements to be constructed;
- (3) Cost of performance of any additional obligations; and
- (4) Cost of performance of restoration and reclamation.

(b) Tribal policy made applicable by § 166.100 of this part may establish or waive specific bond requirements for permits.

§ 166.602 What form of bonds will the BIA accept?

(a) We will only accept bonds in the following forms:

- (1) Cash;
- (2) Negotiable Treasury securities that:
 - (i) Have a market value equal to the bond amount; and
 - (ii) Are accompanied by a statement granting full authority to the BIA to sell such securities in case of a violation of the terms of the permit.
- (3) Certificates of deposit that indicate on their face that Secretarial approval is required prior to redemption by any party;
- (4) Irrevocable letters of credit (LOC) issued by federally-insured financial institutions authorized to do business in the United States. LOC's must:
 - (i) Contain a clause that grants the BIA authority to demand immediate payment if the permittee defaults or fails to replace the LOC within 30 calendar days prior to its expiration date;
 - (ii) Be payable to the "Department of the Interior, BIA";
 - (iii) Be irrevocable during its term and have an initial expiration date of not less than one year following the date we receive it; and
 - (iv) Be automatically renewable for a period of not less than one year, unless the issuing financial institution provides the BIA with written notice at least 90 calendar days before the letter of credit's expiration date that it will not be renewed;
- (5) Surety bond; or
- (6) Any other form of highly liquid, non-volatile security subsequently ap-

25 CFR Ch. I (4-1-08 Edition)

proved by us that is easily convertible to cash by us and for which our approval is required prior to redemption by any party.

(b) Indian landowners may negotiate a permit term that specifies the use of any of the bond forms described in paragraph (a) of this section.

(c) A tribe may accept and hold any form of bond described in paragraph (a) of this section, to secure performance under a permit of tribal land.

§ 166.603 If cash is submitted as a bond, how is it administered?

If cash is submitted as a bond, we will establish an account in the name of the permittee and retain it.

§ 166.604 Is interest paid on a cash performance bond?

No. Interest will not be paid on a cash performance bond.

§ 166.605 Are cash performance bonds refunded?

If the cash performance bond has not been forfeited for cause, the amount deposited will be refunded to the depositor at the end of the permit period.

§ 166.606 What happens to a bond if a violation occurs?

We may apply the bond to remedy the violation, in which case we will require the permittee to submit a replacement bond of an appropriate amount.

§ 166.607 Is insurance required for a permit?

When we determine it to be in the best interest of the Indian landowners, we will require a permittee to provide insurance. If insurance is required, it must:

- (a) Be provided in an amount sufficient to:
 - (1) Protect any improvements on the permit premises;
 - (2) Cover losses such as personal injury or death; and
 - (3) Protect the interest of the Indian landowner.
- (b) Identify the tribe, individual Indian landowners, and United States as insured parties.